



## Argo Funds' Monthly Update

October 2015

**The Argo Fund Ltd: 202.83**  
**Argo Distressed Credit Fund: 1,511.30**  
**Argo Local Markets Fund: 800.16**

October 2015 Newsletter:

The Net Asset Value ("NAV") of the Argo Local Markets Fund fell by 0.50% in October ( but gained 0.03% excluding fees) to end at 800.16. Global markets improved from their third quarter weakness during the month, with local emerging markets bouncing back strongly via a combination of interest rates and currency gains versus the US dollar. A weak US non-farm payrolls figure earlier put paid to the idea that the Fed would finally begin its much telegraphed interest rate hiking cycle in its meeting at month's end. This in conjunction with dovish speak from various Fed officials , with one eye kept firmly on equity markets perhaps, meant a lot of bearish EMFX positions were scaled back. The market, after what can only be described as a horrible run of downbeat results for the last six months, decided to take a break from this excess negativity. Overall the gains this month only helped to claw back some of the market losses suffered year to date but do not point to any significant change in sentiment for the asset class prior to the beginning of the Fed interest rate normalisation cycle. The challenges for EM to resolve - namely poor growth, rising leverage, low commodity prices and insufficiency of economic reforms - remain key to the short and medium term outlook for the asset class into 2016 and beyond.

Although Chinese industrial production and fixed asset investment data for September remained muted, third quarter GDP growth of 6.9% was ahead of market forecasts, while equity valuations at levels below historic norms and further cuts in interest and required reserve ratio rates by the PBOC combined to boost both local and global investor sentiment. Elsewhere, the ECB have not discounted further QE amidst deflationary pressures and a stream of downbeat data from Germany. Mario Draghi is content to "wait and see" until the next policy meeting on December 3, but is open to further loosening, including an additional drop in interest rates.

Fitch downgraded Brazil's sovereign credit rating to BBB-, one level above junk status, with a negative outlook, citing rising government debt burden and the country's deteriorating political and economic situation. In Turkey, the AKP attained a landslide victory in the general election held on 1 November 2015, with close to 50% of the vote and gaining a majority in parliament.

The NAV of The Argo Fund declined by 13.32% to end October at 202.83 whilst the NAV of the Argo Distressed Credit Fund fell 7.30% to end the month at 1,511.30. Both portfolios were affected by the disposal of TPPI positions. Negotiations with the local bidder for the TPPI equity and bonds were concluded towards the end of September. Unfortunately, the proceeds received in October were lower than anticipated due to an aggressive stance taken by the only credible buyer under the pretence of additional tax liabilities for TPPI unearthed at the due diligence stage.

Argo Capital Management, 19 November 2015



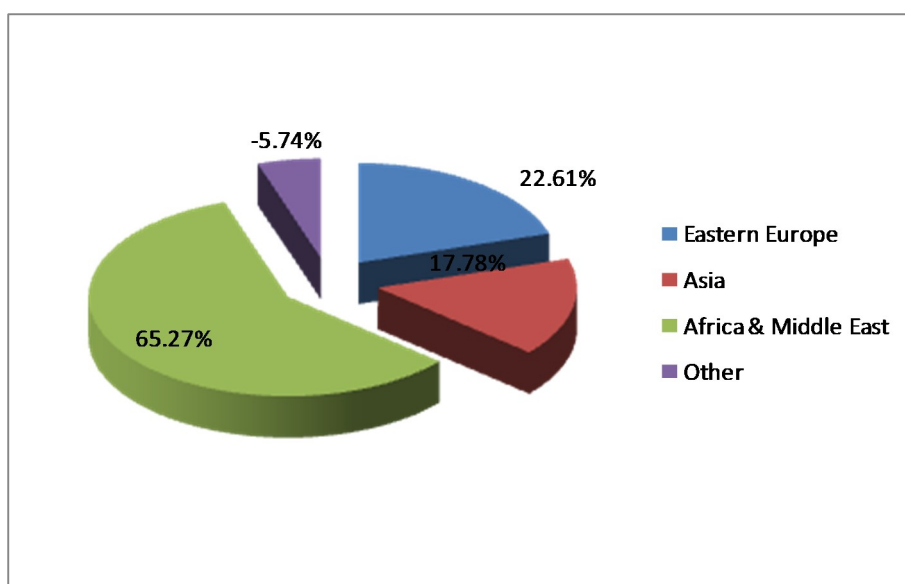
# Argo Funds' Monthly Update

## The Argo Fund Risk Report

### Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
<b>Bonds</b>		7.4%	0.9%	8.3%
<b>Loans</b>	30.5%		3.5%	34.0%
<b>Equity</b>			4.4%	4.4%
<b>Other</b>				
<b>Total</b>	30.5%	7.4%	8.8%	46.7%

### Regional Allocation as % of NAV



### Exposure in USD

	Bonds	Loans	Equity	Other	Total
<b>Long/(Selling Protection)</b>	6,237,966	27,348,088	3,258,948		36,845,002
<b>NET Exposure</b>					36,845,002
<b>Gross Exposure</b>					36,845,002

### Liquidity

	Bonds	Loans	Equity	Other	Total
<b>Over 3 months</b>	6.8%	30.6%			37.4%
<b>Up to 3 months</b>	0.8%				0.8%
<b>Within 1 month</b>					0.0%
<b>Within 1 week</b>	0.1%	5.7%	4.0%	52.0%	61.8%
					100.0%



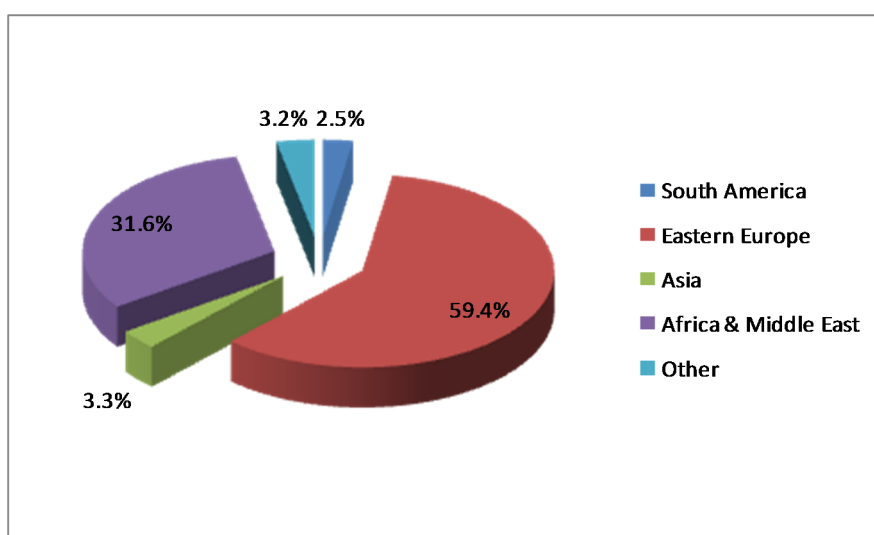
# Argo Funds' Monthly Update

## ADCF Risk Report

### Product Allocation as % of NAV

	Sovereign	Quasi-Sovereign	Corporate	Total
Bonds	1.0%		2.9%	3.9%
Loans	13.9%		27.0%	40.9%
Equity			2.8%	2.8%
Other				
<b>Total</b>	<b>14.9%</b>		<b>32.7%</b>	<b>47.6%</b>

### Regional Allocation as % of NAV



### Exposure in USD

	Bonds	Loans	Equity	Other	Total
Long/(Selling Protection)	889,084	9,194,507	617,122		10,700,713
<b>NET Exposure</b>					<b>10,700,713</b>
<b>Gross Exposure</b>					<b>10,700,713</b>

### Liquidity

	Bonds	Loans	Equity	Other	Total
Over 3 months		36.1%			36.1%
Up to 3 months		5.1%			5.1%
Within 1 month					0.0%
Within 1 week	4.0%		2.8%	52.0%	58.8%
					100.0%

### Other Statistical data

Monthly Turnover as % of NAV: 73.1%	Duration: 0.66
Annualised Net Carry as % of NAV: 1.07%	Value at Risk: 1-Day VAR \$0.2mn or 0.7% of NAV 30-Day VAR: \$1.0mn or 3.6% of NAV
Annualised Volatility (including CDS): 2.32%	Sensitivity Analysis: Credit spreads increase by 20% 1.8% of NAV 100bps parallel shift in yield curve 0.7% of NAV



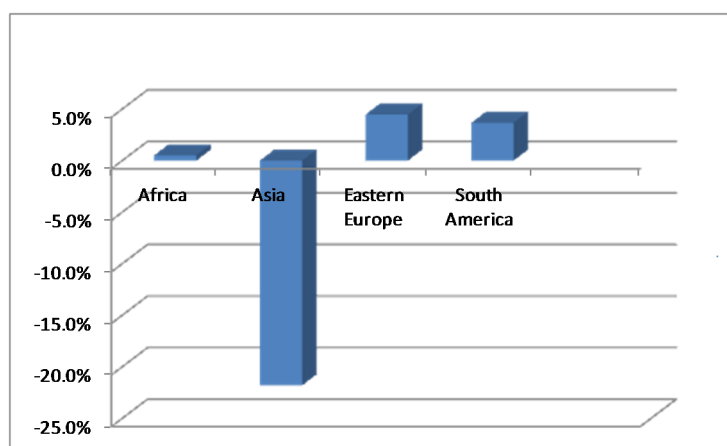
## ALMF Risk Report

### Product Allocation as % of NAV

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Latin America	6.7%	-3.3%	31.1%		
Eastern Europe	9.1%	-5.5%			
Asia	5.3%	-27.0%			
Middle east & Africa	8.0%	-8.2%			
<b>Total</b>	<b>29.1%</b>	<b>-44.0%</b>	<b>31.1%</b>		<b>73.2%</b>

• Includes contractual nominal amounts i.e. fx forwards / \*\* IRS is the nominal amount of the one leg of the swap / \*\*\* Options exposure: is the Delta adjusted exposure

### Geographical Currency Exposure



### Exposure in USD

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Long	1,450,471	275,435	1,552,433		
Short		-2,470,248			
<b>NET Exposure</b>	<b>1,450,471</b>	<b>-2,194,813</b>	<b>1,552,433</b>		<b>3,651,045</b>
Gross Exposure	1,450,471	2,745,682	1,552,433		

### Liquidity

	Local Currency Bonds	FX Crosses*	Interest Rates Swaps**	Other Indices/ Options***	Cash
Within 1 week	29.1%	55.1%	31.1%		73.2%

### Top 5 Investments (%)

Bonds		FX Local Currency		IRS	
South Africa	8.0%	China	-12.0%	Brazil	31.1%
Hungary	6.1%	Thailand	-9.1%		
Thailand	5.3%	South Africa	-8.2%		
Colombia	3.5%	Hungary	-5.5%		
Mexico	3.2%	Malaysia	-3.9%		

### Other Statistical data

<b>Monthly Turnover</b> as % of NAV: 1.8%	<b>Value at Risk:</b> 1-Day VAR 0.37% of NAV / 30-Day VAR: 1.74% of NAV VAR Confidence level is 99%
<b>Annualised Net Carry</b> as % of NAV: 1.99%	<b>Sensitivity Analysis:</b> 100bps parallel shift in yield curve -1.61% of NAV
<b>Annualised Volatility:</b> Ex-Ante 6.27% / Ex-Post 3.56%	



# Argo Funds' Monthly Update

## Argo Fund monthly returns since inception

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2000</b>										0.40%	-1.79%	1.67%	<b>0.25%</b>
<b>2001</b>	1.11%	2.46%	3.27%	0.82%	2.52%	1.83%	0.60%	2.10%	1.51%	2.29%	5.66%	3.67%	<b>31.53%</b>
<b>2002</b>	1.83%	2.23%	2.18%	2.39%	2.57%	0.54%	0.97%	1.36%	2.09%	0.48%	2.03%	2.02%	<b>22.74%</b>
<b>2003</b>	1.73%	1.69%	1.27%	3.66%	2.50%	3.35%	1.39%	1.16%	1.76%	1.29%	1.13%	2.44%	<b>26.01%</b>
<b>2004</b>	1.89%	0.80%	2.05%	0.80%	-0.15%	0.47%	0.32%	1.50%	1.63%	1.47%	1.95%	1.15%	<b>14.78%</b>
<b>2005</b>	0.44%	1.33%	0.13%	0.73%	1.53%	1.34%	0.81%	1.31%	0.50%	-0.05%	0.16%	0.90%	<b>9.51%</b>
<b>2006</b>	0.68%	0.08%	0.28%	0.95%	0.65%	1.60%	0.62%	0.64%	0.74%	0.65%	1.56%	2.14%	<b>11.11%</b>
<b>2007</b>	0.36%	0.89%	0.51%	0.92%	1.82%	1.76%	0.41%	0.19%	0.62%	0.43%	1.80%	1.98%	<b>12.31%</b>
<b>2008</b>	0.68%	0.48%	0.75%	-0.24%	0.57%	0.43%	-0.23%	-0.67%	-7.60%	-31.05%	-4.41%	-2.96%	<b>-39.86%</b>
<b>2009</b>	-3.17%	0.48%	3.87%	0.89%	-0.15%	3.43%	1.37%	0.69%	1.87%	1.00%	0.40%	1.05%	<b>12.18%</b>
<b>2010</b>	-0.69%	1.54%	1.82%	-0.46%	-2.48%	0.72%	1.75%	1.56%	1.91%	1.32%	-2.66%	4.13%	<b>8.55%</b>
<b>2011</b>	-0.09%	0.44%	-0.33%	1.72%	-0.13%	-0.57%	1.58%	-0.52%	-4.55%	3.41%	0.19%	-0.84%	<b>0.10%</b>
<b>2012</b>	-2.30%	0.41%	-0.13%	-0.45%	-2.63%	0.37%	-1.20%	0.64%	0.20%	0.11%	-0.69%	5.85%	<b>-0.07%</b>
<b>2013</b>	-1.25%	-4.59%	-1.06%	17.56%	-0.58%	-0.29%	0.31%	-0.31%	0.54%	-0.26%	-0.19%	-0.23%	<b>8.49%</b>
<b>2014</b>	-0.67%	+0.63%	-0.37%	-0.10%	-0.77%	+0.80%	-0.91%	-0.54%	-1.32%	-0.44%	-0.29%	-1.02%	<b>-4.94%</b>
<b>2015</b>	+0.04%	-1.20%	-0.74%	+0.96%	-0.49%	-0.01%	-1.08%	-0.25%	-0.43%	-13.32%			<b>-16.07%</b>

## ADCF monthly returns since inception

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2008</b>										-1.96%	2.14%	0.35%	<b>0.49%</b>
<b>2009</b>	-0.25%	-0.70%	0.41%	2.30%	1.65%	1.82%	3.00%	1.81%	3.34%	-1.68%	-1.81%	0.80%	<b>11.06%</b>
<b>2010</b>	2.85%	4.08%	1.40%	0.71%	-3.85%	-0.42%	1.69%	0.68%	4.27%	0.92%	-3.21%	1.08%	<b>10.32%</b>
<b>2011</b>	1.47%	0.20%	0.25%	-0.78%	-1.89%	0.55%	4.06%	-1.96%	-6.25%	4.49%	3.67%	-2.12%	<b>1.18%</b>
<b>2012</b>	0.10%	0.72%	-0.34%	-0.75%	-3.62%	0.73%	-0.43%	1.74%	2.95%	3.61%	1.42%	16.92%	<b>24.05%</b>
<b>2013</b>	0.96%	-2.43%	0.01%	16.56%	-0.61%	-1.97%	0.81%	-0.31%	0.42%	0.33%	-0.35%	-0.21%	<b>12.64%</b>
<b>2014</b>	-1.54%	1.23%	-0.03%	0.17%	-0.44%	+0.34%	-0.69%	-0.57%	-1.04%	-0.53%	-0.51%	-1.11%	<b>-4.64%</b>
<b>2015</b>	-0.23%	-0.62%	-0.20%	+1.02%	-0.40%	0.00%	-0.69%	-0.10%	-0.55%	-7.30%			<b>-8.95%</b>

## ALMF monthly returns since inception

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2012</b>											0.78%	0.77%	<b>1.56%</b>
<b>2013</b>	0.35%	-0.16%	-0.47%	0.82%	-3.46%	-2.47%	-0.46%	-1.82%	-0.48%	-0.95%	-1.02%	-0.08%	<b>-9.80%</b>
<b>2014</b>	-2.05%	-0.74%	0.46%	-1.02%	1.25%	-0.02%	-1.96%	0.52%	-2.12%	-0.59%	+1.28%	-1.30%	<b>-6.19%</b>
<b>2015</b>	+0.63%	-1.13%	-1.36%	-0.78%	-0.33%	-2.47%	-0.35%	-0.25%	-0.54%	-0.50%			<b>-6.89%</b>

## ALMF monthly returns since inception (excluding fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2012</b>											1.03%	1.69%	<b>2.73%</b>
<b>2013</b>	0.65%	0.13%	-0.16%	1.07%	-3.15%	-2.21%	-0.19%	-1.49%	-0.21%	-0.67%	-0.68%	0.18%	<b>-6.60%</b>
<b>2014</b>	-1.66%	-0.42%	0.79%	-0.60%	1.69%	0.43%	-1.37%	0.97%	-1.63%	0.00%	1.75%	-0.87%	<b>-0.98%</b>
<b>2015</b>	+1.26%	-0.60%	-0.82%	-0.11%	+0.20%	-1.79%	+0.19%	+0.26%	+0.12%	+0.03%			<b>-1.28%</b>



## Argo Funds' Monthly Update

Argo Funds monthly returns vs Indices						
	TAF <sup>1</sup>	ADCF <sup>2</sup>	ALMF <sup>3</sup>	EMBI+ <sup>4</sup>	S&P500	JPM GBI-EM <sup>5</sup>
Oct '00 – Dec'00 <sup>1</sup>	0.25%			4.00%	-7.60%	
Full Year 2001	31.53%			-0.80%	-13.00%	
Full Year 2002	22.74%			13.98%	-23.36%	
Full Year 2003	26.01%			29.11%	26.38%	
Full Year 2004	14.78%			11.78%	8.99%	
Full Year 2005	9.51%			11.86%	3.00%	
Full Year 2006	11.11%			10.49%	13.62%	
Full Year 2007	12.31%			6.45%	3.53%	
Full Year 2008	-39.86%	0.49%		-9.70%	-38.49%	
Full Year 2009	12.18%	11.06%		25.95%	23.45%	
Full Year 2010	8.55%	10.32%		11.83%	12.78%	
Full Year 2011	0.10%	1.18%		9.20%	0.00%	
Full Year 2012	-0.07%	24.05%	1.56%	18.04%	13.41%	16.76%
Full Year 2013	8.49%	12.64%	-9.80%	-8.31%	29.60%	-8.98%
Full Year 2014	-4.94%	-4.64%	-6.19%	+6.15%	+11.39%	-5.72%
YTD 2015	-16.07%	-8.95%	-6.89%	+3.52%	+0.99%	-11.06%
Since Inception	102.83%	51.13%	-19.98%	n/a	n/a	n/a

### Notes:

All returns are calculated using Net Asset Value of fund, and dates in table correspond to a normal calendar year.

1. Inception date: 16 October 2000.

2. Inception date: 1 October 2008.

3. Inception date: 9 November 2012.

4. JPMorgan Emerging Market Bond Index Plus Composite Index tracks total returns for external currency denominated emerging market debt: Brady bonds, loans, Eurobonds and US dollar denominated local market instruments (source: Bloomberg).

5. JPM GBI-EM Global Diversified Index is the first comprehensive, global local Emerging Markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure.

	The Argo Fund	ADCF	ALMF
Annualised Return	5.57%	6.55%	-7.09%
Annual Return (Rolling12)	-17.18%	-10.42%	-6.92%
Sharpe Ratio	0.47	0.56	-1.91

### Website [www.argocm.com](http://www.argocm.com) with selected Internet references for Argo Funds information:

[www.albourn.com](http://www.albourn.com)

[www.tass.lipperweb.com](http://www.tass.lipperweb.com)

[www.hedgefund.net](http://www.hedgefund.net)

[www.eurekahedge.com](http://www.eurekahedge.com)

[www.cogenthedge.com](http://www.cogenthedge.com)

[www.hedgefundnews.com](http://www.hedgefundnews.com)

[www.hedgepole.com](http://www.hedgepole.com)

[www.barclayhedge.com](http://www.barclayhedge.com)

[www.cambridgeassociates.com](http://www.cambridgeassociates.com)